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OLC: 77-1611
25 April 1977

77-4663/5

C. 38.2

MEMORANDUM FOR: Director of Central Intelligence

FROM : George L. Cary
Legislative Counsel

SUBJECT : Open Budget Hearings

1. I know you are concerned about the tack you should take on the open budget hearings. I have recommended that you not state the figure during your testimony before the Senate Select Committee on Intelligence. I still hold to that recommendation. While I understand that the Administration wishes to take the lead in opening the single NFIP figure, I am seriously concerned that this inevitability will lead to an unraveling of additional figures, and you will be blamed for this unraveling.

2. I think your purpose will be well served by withdrawing objection from publication of a single figure, leaving the announcement of that figure to the Committee. By having the Committee take the responsibility for publication of a figure, the appearance of dissidence between yourself and former Directors will be softened and the substantial number of Members of Congress who oppose any publication will feel that their concerns have been more fully recognized.

3. If the hearings are restructured so that you will be the only witness testifying on 27 April, followed by additional testimony by witnesses in May, announcement of the figure by you on 27 April, will shift the emphasis of the follow-on hearings. Instead of focusing on publication of a single figure, the Committee will be starting with the single figure already published and will either have to debate the publication of additional intelligence figures or will be put on the defensive to hold publication to the already announced NFIP figure.

STAT

GEORGE L. CARY
Legislative Counsel

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77-4663/b

C.38.2

27 April 1977

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MEMORANDUM FOR: [REDACTED]

1. I have your note concerning the time lapse involved in getting this into the system. Though Admiral Turner's memorandum is dated 9 April, we first saw it on 20 April and immediately carried it to the info addressees; namely, DDCI, your office, OLC, and A/DCI/[REDACTED]

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2. [REDACTED] tells me he received it shortly after 9 April, noted the distribution on the last page and assumed that copies had been provided each. When I talked to [REDACTED] about that, we agreed that in the future if there is some doubt, my office and his should compare notes. Also, the present procedures are that any DCI memorandum comes to me first for a look at its classification, and I also effect distribution and assign action as appropriate.

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3. [REDACTED] is out today but I will share our concerns with him and regret any problem the handling of this paper created for your staff.

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[REDACTED]
B. C. Evans
Executive Secretary

Distribution:

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ES/BCEVANS:cs (27 Apr)

C-38.2

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When circled - cy has been furnished.

SENSITIVE

I think we are ahead of this one.

To:

Ben Ivanc

4/22

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The time-lapse in getting this in unprocessable

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77. 4663

9 April 1977

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MEMORANDUM FOR: [REDACTED]

I agreed with Senator Inouye on 8 April 1977 that I would appear before the Senate Select Committee at 1000 on 27 April (Room 407) as the first witness in a hearing on whether or not the intelligence budget should be made public. The Senator told Bill Miller to arrange for TV coverage.

Please prepare a draft testimony for me to give, coordinating carefully with the info addressees of this memo. The general thrust of what I have in mind is:

IC/OPBD
has
provided

The way we spend our money on intelligence in this country is one of our necessary secrets. The techniques of collecting and analyzing intelligence change with time and technology. If the details of our intelligence budget were revealed, those against whom we are collecting intelligence could decipher from our areas of emphasis, where they should be placing emphasis in countermeasures. From such information they would be able to nullify our advantage where it exists, and deny us opportunities that we presently have.

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At the same time, we are a free society. We appropriately place high emphasis on keeping our citizens well informed of the activities of their government so that the citizen body is, in fact, the best oversight to any possible excesses of governmental action. The public's right to understand the workings of our intelligence processes is a part of their being adequately informed of our governmental process.

Therefore, some compromise is necessary between the risks of giving the enemy necessary advantage over us and of protecting the basic openness of our society. Accordingly, President Carter has directed that I release to you and to the public, the overall budget of the U.S. Intelligence Community. For fiscal year 1978 we have requested of the Congress of the United States, the amount of \$_____.

Let me explain precisely what that figure includes. I am presenting that figure in the capacity as Director of Central Intelligence, not as the Director of Central Intelligence Agency. Thus, this figure is/one, which as Director of Central Intelligence I present and defend to the Congress. It includes the budget of the CIA, but it also includes portions of the budget of those other agencies in the Government that have intelligence functions. Within those other budgets, what is included in this figure are those activities which are exclusively intelligence in nature. Clearly there are many related activities especially in the DOD which make some contributions to intelligence. For instance, the military airplane flying on a training mission may well be able as a collateral function, to collect some

intelligence. Or carried to the extreme perhaps, a corporal on lookout duty with binoculars could be called an intelligence collector. These expenses of such operations as these, are not included in the intelligence budget for which I am responsible. Basically, the dividing line is whether we fund the activity for a primary purpose of intelligence collection or analysis or whether we fund it for another purpose and derive collateral benefits for intelligence from it.

Finally, I must mention the limitations which must prevail on additional information concerning this budget figure. There will be a natural and understandable tendency on the part of the press to the public, to want to obtain detailed breakdown of this budget figure. This we cannot do either by the deliberate release of additional figures or by comments on the composition or character of intelligence budget. It is here that we regrettably must draw the line between openness and necessary secrecy. Were we to disclose further details of this budget figure, we would expose the areas of emphasis and expertise with which we collect and analyze our intelligence and over time we would indicate trends in such emphasis. It is my view that this would jeopardize the interest of our country more than the additional information would benefit it. The people of the country can be assured, however, that we are sharing with their representatives in the Congress the details of this breakdown fully. Hence, our response to further inquiries in public form must simply be "no comment" and I am formally directing members of the Intelligence Community to so respond to all such inquiries.

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I recognize that this new policy of disclosure of a single figure, and only a single figure, is a major break with tradition. It is not one without risk. I know that you gentlemen of this committee will fully understand the importance of this new openness, but at the same time, appreciate the necessity of rigidly limiting our disclosure to this single figure.

ST

cc: DDCI

DCI/IC

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Mr. Herb Hetu

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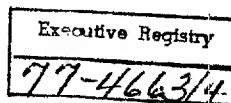
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Central Intelligence Agency
Washington, D.C. 20505
(703) 351-7676



C. 38.2

Herbert E. Hetu
Assistant for Public Affairs

4-23-77

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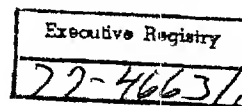
23 APR 1977

The budget story in the NY TIMES didn't get as much attention as we really thought it would. We got no press queries to speak of. We get little or no pressure from the media for this figure.

I know the reason for this action but I really wonder at second thought if it is really a good idea. I wonder if the President and others might be persuaded to take another look - at least let the SSC decide - that's their job —

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20 April 1977

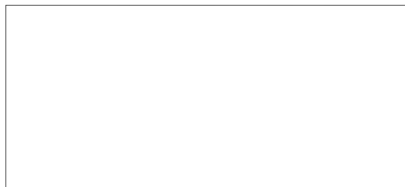
MEMORANDUM FOR: Mr. Knoche

Mr. Hetu✓

SUBJECT : DCI's Statement to SSC on Open Budget

1. In response to Admiral Turner's 9 April 1977 memorandum to me, the attached draft statement has been prepared. It is very little changed from the Admiral's original draft.

2. Request you provide any comments or suggestions on this statement directly to me by telephone if possible. My intention is to incorporate your suggestions in a follow-on draft which he can look at Thursday evening (21 April 1977).



Attachment
As Stated

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20 April 1977

Senate Select Committee

Draft Intelligence Budget Testimony

1000, 27 April 1977

Mr. Chairman, Gentlemen. When I appeared before you in February of this year for confirmation, I said that I was inclined to favor releasing the Intelligence Community's aggregate budget figure, but that I would like to study the question further before committing myself. I have since had that opportunity and am prepared to recommend that a single, inclusive budget figure be made public subject to several extremely important qualifications which I would like to discuss.

The techniques of intelligence collection and analysis change with time and technology. The intelligence budget accurately reflects these changes. Over time it can reveal to any interested observer our areas of interest and the technologies on which we depend most. From such information they would know where they should place emphasis in countermeasures and effectively nullify any advantage we might have. The detailed intelligence budget in the hands of our enemies would be a powerful weapon which would make further collection more difficult, more hazardous to life, and much more costly. The way we spend our intelligence money in this country is one of our necessary secrets.

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At the same time, we are a free and open society. It is appropriate that our citizens be kept well informed of the activities of their government. They are in fact, the best oversight body in the prevention of any possible excesses of governmental action. The public's right to understand the workings of our intelligence processes is a part of their being adequately informed of our governmental process.

Some compromise then is necessary between the risks of giving the enemy an unnecessary advantage over us and of protecting the basic openness of our society. Accordingly, President Carter has directed that I release to you and to the public, the overall budget of the U.S. Intelligence Community. For fiscal year 1978, as the Director of Central Intelligence, I have requested of the Congress of the United States, \$_____.

Let me explain precisely what that figure includes. It includes the budget of the CIA and also those portions of other Government agencies' budgets which are devoted exclusively to intelligence. Clearly there are many related activities in other Departments, especially the DOD, which make some contributions to intelligence. For instance, the military airplane flying on a training mission may well be able, as a collateral function, to collect some intelligence.

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CONFIDENTIAL [REDACTED]

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Or, carried to the extreme perhaps, a corporal on lookout duty with binoculars could be called an intelligence collector. The expense of such operations as these are not included in the intelligence budget for which I am responsible. Basically, the dividing line is whether we fund the activity for the primary purpose of intelligence collection or analysis or whether it is funded for another purpose and we derive collateral intelligence benefits from it.

Finally, I must mention the limitations which must prevail on additional information concerning this budget figure. There will be a natural and understandable tendency on the part of the press and the public to want a detailed breakdown of this budget figure. This we cannot do either by the deliberate release of additional figures or by comments on the composition or character of the intelligence budget. It is here that, regrettably, we must draw the line between openness and necessary secrecy. Were we to disclose further details of this budget figure, we would expose the areas of emphasis and expertise regarding collection and analysis of intelligence and, over time, trends in such emphasis would become obvious. This would jeopardize the interest of our country more than the additional information would benefit it. The people of the country can be assured, however, that we are sharing with their representatives

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CONFIDENTIAL [REDACTED]

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-4-

in Congress the details of this breakdown fully. Hence, our response to further inquiries on the budget in the public forum must simply be "no comment." I am formally directing members of the Intelligence Community to so respond to all such inquiries.

I recognize that this new policy of disclosure of a single figure, and only a single figure, is a major break with tradition. It is not one without risk. I know that you gentlemen of this committee will fully understand the importance of this new openness, but at the same time, appreciate the necessity of rigidly limiting our disclosure to this single figure.

STANSFIELD TURNER
Admiral, USN

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